Regulations on the National Social Security Fund

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the Social Insurance Law of the People's Republic of China for the purpose of regulating the administration and operation of the National Social Security Fund, strengthening the supervision of the National Social Security Fund, and achieving value preservation and appreciation on the premise of ensuring safety.

Article 2 — The state establishes the National Social Security Fund.

The National Social Security Fund is composed of funds allocated from the central government budget, funds transferred from state-owned capital, investment income of the Fund, and funds raised by other means approved by the State Council.

Article 3 — The National Social Security Fund is the state's social security reserve fund, used to supplement and adjust social security expenditures such as old-age insurance during the peak period of population aging.

Article 4 — The state shall determine and adjust the scale of the National Social Security Fund in light of the trend of population aging and the state of economic and social development.

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The plan for raising and using the National Social Security Fund shall be determined by the State Council.

Article 5 — The finance department of the State Council and the social insurance administrative department of the State Council shall be responsible for drafting the measures for the administration and operation of the National Social Security Fund, which shall be implemented upon approval by the State Council.

The National Council for Social Security Fund shall be responsible for the administration and operation of the National Social Security Fund.

Chapter II — Administration and Operation of the National Social Security Fund

Article 6 — The National Council for Social Security Fund shall administer and operate the National Social Security Fund prudently and steadily, and shall invest and operate the National Social Security Fund in domestic and overseas markets in accordance with the proportions approved by the State Council.

In investing and operating the National Social Security Fund, the National Council for Social Security Fund shall adhere to the principles of safety, profitability and long-termism, and shall rationally allocate assets within the asset categories approved by the State Council, such as fixed-income assets, equity assets and unlisted equity assets, and within the prescribed proportion ranges.

Article 7 — When formulating the asset allocation plan of the National Social Security Fund and determining major investment projects, the National Council for Social Security Fund shall conduct risk assessment and make decisions through collective deliberation.

The National Council for Social Security Fund shall formulate measures for risk management and internal control, and shall identify, measure, assess, monitor and respond to risks in every link of administration and operation, so as to effectively prevent and control risks. The risk management and internal control measures shall be filed with the finance department of the State Council and the social insurance administrative department of the State Council.

The National Council for Social Security Fund shall formulate accounting measures in accordance with the law and submit them to the finance department of the State Council for examination and approval.

Article 8 — The National Council for Social Security Fund shall periodically report the administration and operation of the National Social Security Fund to the finance department of the State Council and the social insurance administrative department of the State Council, and submit financial and accounting reports.

Article 9 — The National Council for Social Security Fund may entrust the investment of the National Social Security Fund, or invest it by other means approved by the State Council.

Article 10 — Where the National Council for Social Security Fund entrusts the investment of the National Social Security Fund, it shall select professional investment management institutions and professional custodial institutions that meet the statutory conditions to serve respectively as the investment managers and custodians of the National Social Security Fund.

The National Council for Social Security Fund shall select investment managers and custodians in accordance with the principles of openness, fairness and impartiality, by publishing selection information, organizing expert review, making decisions through collective deliberation, and publishing the selection results.

The National Council for Social Security Fund shall formulate measures for the selection of investment managers and custodians, and file them with the finance department of the State Council and the social insurance administrative department of the State Council.

Article 11 — The National Council for Social Security Fund shall separately sign an entrusted investment contract and a custodial contract with the appointed investment managers and custodians, and file the same with the finance department of the State Council, the social insurance administrative department of the State

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Council, the foreign exchange administrative department of the State Council, the securities regulatory authority of the State Council, and the banking regulatory authority of the State Council.

Article 12 — The National Council for Social Security Fund shall formulate measures for the assessment of investment managers and custodians, and shall assess, in accordance with those measures, the investment of the National Social Security Fund by the investment managers and the custody of the National Social Security Fund by the custodians. The assessment results shall serve as the basis for determining whether to continue the appointments.

Article 13 — The investment managers of the National Social Security Fund shall perform the following duties:

(1) investing with the National Social Security Fund;

(2) allocating risk reserves for the investment management of the National Social Security Fund in accordance with the provisions;

(3) reporting the investment situation to the National Council for Social Security Fund; and

(4) other duties prescribed by laws, administrative regulations and the rules of the relevant departments of the State Council.

Article 14 — The custodians of the National Social Security Fund shall perform the following duties:

(1) safely keeping the assets of the National Social Security Fund;

(2) in accordance with the custodial contract and the investment instructions of the investment managers of the National Social Security Fund, promptly handling clearing and settlement matters;

(3) in accordance with the provisions and the custodial contract, supervising the investment by the investment managers of the National Social Security Fund;

(4) executing the instructions of the National Council for Social Security Fund and reporting the custodial situation; and

(5) other duties prescribed by laws, administrative regulations and the rules of the relevant departments of the State Council.

Article 15 — The assets of the National Social Security Fund shall be independent of the inherent assets of the National Council for Social Security Fund, the investment managers and the custodians, and independent of other assets invested by the investment managers and kept by the custodians.

Article 16 — The investment managers and custodians of the National Social Security Fund shall not commit any of the following acts:

(1) commingling the assets of the National Social Security Fund with other assets in investment or custody; or

(2) disclosing the unpublished information of the National Social Security Fund obtained by virtue of their positions, and using such information to engage in, or expressly or implicitly suggesting that others engage in, related trading activities; or

(3) other acts prohibited by laws, administrative regulations and the rules of the relevant departments of the State Council.

Article 17 — The National Social Security Fund shall enjoy tax preferences in accordance with state provisions.

Chapter III — Supervision of the National Social Security Fund

Article 18 — The state establishes and improves a supervision system for the National Social Security Fund.

No entity or individual may misappropriate, divert or invest and operate the National Social Security Fund in violation of regulations.

Article 19 — The finance department of the State Council and the social insurance administrative department of the State Council shall, in accordance with their respective duties, supervise the receipts and expenditures, administration and investment operation of the National Social Security Fund; upon discovering problems, they shall handle them in accordance with the law; where a matter does not fall within the scope of their duties, they shall, in accordance with the law, transfer it to the foreign exchange administrative department of the State Council, the securities regulatory authority of the State Council, the banking regulatory authority of the State Council or other relevant departments for handling.

Article 20 — The foreign exchange administrative department of the State Council, the securities regulatory authority of the State Council and the banking regulatory authority of the State Council shall, in accordance with their respective duties, supervise the investment of the National Social Security Fund by the investment managers and the custody of the National Social Security Fund by the custodians; upon discovering unlawful or irregular acts, they shall handle them in accordance with the law and promptly notify the finance department of the State Council and the social insurance administrative department of the State Council.

Article 21 — The supervision of the overseas investment managers and custodians of the National Social Security Fund shall be carried out by the securities regulatory authority of the State Council and the banking regulatory authority of the State Council in accordance with cooperation documents signed with the relevant supervisory and regulatory authorities of the countries or regions where the investment managers and custodians are located.

Article 22 — The National Audit Office shall audit the National Social Security Fund at least once a year. The audit results shall be published to the public.

Article 23 — The National Council for Social Security Fund shall select accounting firms by public tender to audit the National Social Security Fund.

Article 24 — The National Council for Social Security Fund shall, through its official website and newspapers issued nationwide, annually publish to the public the receipts and expenditures, administration and investment operation of the National Social Security Fund, and accept public supervision.

Chapter IV — Legal Liability

Article 25 — Where a domestic investment manager or custodian of the National Social Security Fund violates the provisions of Article 16 or the second paragraph of Article 18 of these Regulations, the securities regulatory authority of the State Council and the banking regulatory authority of the State Council shall order it to make corrections, confiscate its illegal gains, and impose a fine of not less than one time and not more than five times the illegal gains, or, where there are no illegal gains or the illegal gains are less than RMB 1 million, impose a fine of not less than RMB 100,000 and not more than RMB 1 million; give a warning to the persons directly in charge and other persons directly responsible, suspend or revoke their relevant professional qualifications, and impose a fine of not less than RMB 30,000 and not more than RMB 300,000; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 26 — Where the National Council for Social Security Fund violates the provisions of these Regulations, the finance department of the State Council and the social insurance administrative department of the State Council shall order it to make corrections; sanctions shall be imposed in accordance with the law on the persons directly in charge and other persons directly responsible; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

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Article 27 — Where state functionaries abuse their powers, neglect their duties or engage in malpractices for personal gain in the administration, operation and supervision of the National Social Security Fund, sanctions shall be imposed in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 28 — Where losses are caused to the National Social Security Fund in violation of the provisions of these Regulations, compensation liability shall be borne in accordance with the law.

Chapter V — Supplementary Provisions

Article 29 — Upon approval by the State Council, the National Council for Social Security Fund may accept the entrustment of provincial-level people's governments to administer and operate social insurance funds; the administration and operation of entrusted social insurance funds shall be carried out in accordance with the state provisions on the investment management of social insurance funds.

Article 30 — These Regulations shall come into force on May 1, 2016.

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